

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF CAROL JENSEN) APPEAL NO. 06-A-2079
from the decision of the Board of Equalization of) FINAL DECISION
Boise County for tax year 2006.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing September 12, 2006, in Idaho City, Idaho, before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Carol Jensen appeared for herself. Assessor Linda Blough, Deputy Appraiser Jill Staup, Land Appraiser Amber Mello, and Sales Analyst Kim Kennedy appeared for Respondent Boise County. This appeal is taken from a decision of the Boise County Board of Equalization (BOE) reducing the valuation for taxing purposes of property described as Parcel No. RP083040000180A.

The issue on appeal is the market value of a residential property

The decision of the Boise County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$27,380, and the improvements' valuation is \$405,550, totaling \$432,930. Appellant requested the improvements' value be reduced to \$352,620, and the land value to remain the same, totaling \$380,000.

The subject residence consists of 4 bedrooms, 4 bathrooms and a total of 4,318 square feet of living space. Located on 3.05 acres the property is described on the listing flyer as a “local paradise” offering “the serenity of nature’s gifts.”

The 2005 purchase price of subject was \$385,000. According to Appellant the purchase price did not represent market value for subject as it included \$10,000 worth of personal property. Apparently the Assessor's office was not aware of the exact value of the personal property component included in the purchase price.

Appellant notes a disparity in the rate of value increase of other property compared to the increase in subject's assessed value. Appellant believed the appraisal process was not clarified and therefore subject was not assessed in a consistent and equitable manner.

Under questioning, Respondent asserted the market change between subject's sale date and the 2006 lien date of January 1, 2006 at 12:01 a.m. (approximately 5 months), was very brisk and would equal notable price appreciation. No analyzing or quantitative information was furnished.

Appellant furnished information on properties listed for sale for more than the assessed values. Also three comparable sales were furnished. One sold for over \$400,000 and now has an assessed value of \$318,140. This property is described as containing more acreage than subject, two fireplaces (subject has one), barn (subject has none), borders public land, and a better quality kitchen than subject. A comparison of other property in subject's area with smaller percent increases and even some decreases in assessed values, lead Appellant to question the appraisal method.

Appellant's requested value was derived from subject's sale price, less the personal property value, plus a calculated percent increase of nearby property assessed values.

Respondent believes Appellant made a "good investment" in the purchase of subject. No information was furnished that subject's sale was not an arm's-length transaction.

The Sales Verification Form completed by Mr. and Mrs. Jensen, noted personal property in the amount of \$5,000 and listed a pool table and exercise equipment. At the hearing Appellant completed a list of all the personal property included with the sale. The list included more items and totaled \$12,000. The \$5,000 personal property value listed in the Sales Verification Form would not make a "substantial" difference in the assessed value reported the Assessor.

Boise County included the sale of subject in the 2006 depreciation study. Subject's condition was adjusted from average to good and a 10% trend was applied to certain properties as well as subject. The trend was applied because the ratio studies were not acceptable for cedar and log residences.

The County used mass appraisal methods to establish values. Noted on the comparison page in Respondent Exhibit No. 1 and expressed at hearing was the fact subject was valued at less per square foot than the comparable sales. The comparison of the value per square foot of the comparable sales was \$92.11, \$108.00, and \$116.00, and subject was \$92.00 per square foot.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The Assessor is statutorily required to assessed property at market value.

Idaho Code § 63-314. COUNTY VALUATION PROGRAM TO BE CARRIED ON BY ASSESSOR. (1) It shall be the duty of the county assessor of each county in the state to conduct and carry out a continuing program of valuation of all taxable properties under his jurisdiction pursuant to such rules as the state tax commission may prescribe, to the end that all parcels of property under the assessor's jurisdiction are assessed at current market value. In order to promote uniform assessment of property in the state of Idaho, taxable property shall be appraised or indexed annually to reflect current market value. In order to achieve this goal, all taxable property in a county shall be appraised at least once every five (5) years, except as provided in subsection

Market value is defined in Idaho Code § 63-201(10) as follows (see also State Tax

Commission Rule 217, IDAPA 35.01.03.217.01.a):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

The County argued subject was valued less per square foot than comparable sales. The Board noticed the size of subject (4,384 square feet) was much larger than the comparable sales, (2,516, 2,544, and 3,326 square feet). The economic explanation of economy of scale would suggest a the difference in value per square foot and the result would naturally be less value per square feet of subject than the comparables.

The Board commends the Assessor for attempting to equalize property characteristics and depreciation prior to trending. However, no analysis was submitted which supported the increase in value since subject’s sale. It appears more than a 10% increase was applied.

The Court has consistently held that the only criterion for determining value of property for ad valorem tax purposes is the full cash or market value. This Board does not believe due consideration was given the recent arm’s-length sale price of subject by the Assessor. The 2006 increase in the assessed value was not well supported. Therefor the Board will reverse the decision of the Boise County Board of Equalization and hold the assessed value of subject is excessive.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Boise County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed, lowering the assessed value of subject to \$352,620 for the improvements and \$27,380

for the land value, for a total of \$380,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 9th day of February, 2007.